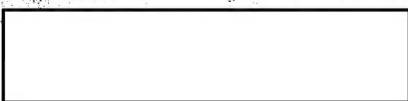


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20 OCT 1966

MEMORANDUM FOR: Acting Deputy Director for Science & Technology
Director of Reconnaissance, CIA

SUBJECT: Management of NRO Accounts

REFERENCE:

A.

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Initial Program Approvals for FY-67

B.

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Re-utilization of Prior Year
Unobligated Funds

1. The purpose of this memorandum is to consider various factors relating to the management of NRO funded programs and to propose strengthened internal DDS&T procedures for the administration of the NRO accounts.

2. It is clear, in view of the large amount of NRO funds for which CIA is responsible, that it is incumbent upon us to establish procedures for the central overview of the NRO programs to assure observation of NRO constraints, proper responses to the DNIRO, and proper management of NRO funds. DDS&T internal procedures must stand the scrutiny of audit and yet retain for the Office Directors as program managers the maximum practical managerial latitude in the use of NRO funds.

3. Some of the factors which must be considered in developing appropriate procedures are:

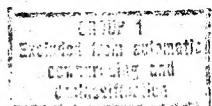
- a. NRO constraints on the utilization of current year funds.
- b. NRO constraints on the use of prior year unobligated funds.
- c. Terms of reference.

NRO review(s) completed.

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Section 2 Management of Line Accounts

a. Reporting levels for contract actions and other management of line funds.

b. Reporting to Director of Reconnaissance and Deputy Director for Science and Technology.

c. Control and correspondence with the National Reconnaissance Director.

d. Line accounts containing the factors enumerated above, together with the proposed procedures, below:

e. Line accounts on the utilization of current year

(1) Each year with the Initial Program Approvals and Line will provide specific authority to reprogram current year funds between and/or within accounts or line items. The implication is that each year will have markedly different rules. It is unlikely the authority will be granted to transfer funds between programs without express permission of the Director. Transfer between projects also is unlikely to be done without formal approval of the DMRG. Transferring accounts within projects has so far been authorized in specific instances as noted in the Initial Program Approvals. Funding adjustments between line accounts and line accounts have generally been authorized to the Director of Reconnaissance, CIA, with some restrictions such as the 5% increase limit allowed in a given line item in the FY-1967 CECINT Airframe Support Account.

(2) Procurement of new items or initiation of new projects are invariably tied to specific and prior approval of the DMRG.



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SUBJECT: Management of NRO Accounts

in different places. Consistency of terms is essential to effective control not only of funds but also of programs (in the general sense).

(2) A standard terminology as proposed here will also fit within or on a category-subcategory-element planning system which is inevitable in the NRO planning cycles of the future. Entries are shown as term-meaning-example.

(a) Program - the main division of NRO effort - e.g., Aircraft, Satellite.

(b) Project - sub-element of a program - e.g., IDEALIST, OKCART.

(c) Account - sub-element of a project - e.g., Cameras, Pilots, Airborne Electronic Equipment.

(d) Line item - sub-element of an account, a collection of like tasks, all of which are costs solely applicable to that line item - e.g., ITEK, Texas Instruments.

(e) Task or service - sub-element of a line item, a single procurement or service - e.g., Tech Rops, spares for a restricted application, procurement of a single kind of item or service.

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d. Approving levels for contract actions and other obligation of NRO funds.

(1) The implementation of the August 1965 NRO Agreement; the appointment of a Director of Reconnaissance, CIA; and internal reorganization of the Directorate of Science and Technology have made evident the need for internal approval procedures for the obligation of NRO funds.

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SUBJECT: Management of NRO Accounts

(2) Four DDS&T Offices -- ORD, OEL, OSP, and OSA -- now have significant NRO monies to expend. While certain safeguards have been established by memoranda and regulations for review and approval for obligation of Agency funds, no such formal safeguards have been established for obligation of NRO funds by DDS&T elements.

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(3) At present, [Redacted] OSA, and [Redacted] OSP, are authorized to sign contract documents which obligate transferred non-Agency (including NRO) funds regardless of amount. However, contract requests and other instruments of obligation should be authorized by a duly authorized approving officer.

(4) There is, as yet, no formal designation of Program or Project Managers for such major endeavors as OXCART, IDHALIST, [Redacted] as financial approving officers. Given the large sums involved and the numbers of contracts, it is good managerial practice to establish formal approval authority levels so that managers (Office Directors) may have maximum latitude for the commitment of NRO funds, within prescribed levels, with the DDS&T retaining authority for the approval of commitments in excess of these levels.

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(5) It is proposed that the following actions be taken:

(a) Designate Office Directors as Project Managers and assign projects to them.

(1) Director of Special Projects -
CORONA, [Redacted]
Satellite Projects.

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CLASSIFICATION: Management of NRO Accounts

(2) Director of Special Activities -
OXCART, IDEALIST, and other Aircraft Projects.

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(3) Director of ELINT [redacted]

(4) Director of R&D - Certain Research and Development Projects not specifically oriented toward another major project.

(b) Assign R&D projects of parochial application to the appropriate Project Manager.

(c) Require all contract or procurement actions funded by NRO to be approved by the Office Director involved.

(d) Authorize Project Managers (Office Directors) to approve obligation of NRO funds [redacted] for DNRO-approved effort, except for R&D obligations.

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(e) Authorize Project Managers to approve obligation of NRO funds [redacted] for DRNRO-approved R&D effort.

(f) Require proposals for any obligation of NRO funds [redacted] for a particular contract or other form of obligation to be forwarded to the Director of Reconnaissance, CIA, for concurrence and to the DDS&T for approval.

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(g) Require proposals for any obligation of NRO funds [redacted] for NRO R&D effort to be forwarded to the Director of Reconnaissance, CIA, for concurrence and to the DDS&T for approval.

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APPENDIX: Management of NRO Accounts

(h) Require that proposals for the obligation of prior year unobligated NRO funds in any amount will require the concurrence of the Director of Reconnaissance, CIA, and the approval of the DDS&T.

e. Reporting to Director of Reconnaissance and Deputy Director for Science and Technology.

(1) Prompt and responsive reporting is essential to effective management. In this context, forecasts of planned obligations are essential planning tools. Office Directors, as managers of funds below the levels proscribed in para. 4e above, are required to report the status of NRO funds at their disposal even as the Director of Reconnaissance, CIA, is likewise required to report to DND. At the same time the DDS&T is responsible for the proper use of these funds even though the NRO funds are not directly allotted to him. For these and other obvious reasons, the following reports should be submitted to the Director of Reconnaissance, CIA, and to the DDS&T.

(a) A monthly report of all obligations of NRO funds [Redacted]

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(b) A monthly report of all obligations of NRO funds [Redacted] for NRO R&D effort.

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(c) A monthly status of NRO funds (the one now in being).

(d) A quarterly forecast of all contract and/or other obligation of NRO funds planned for the succeeding quarter.

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SOM33CF: Management of NRO Accounts

f. Contact and correspondence with the National Reconnaissance Office.

(1) It is recognized that there must be an interchange of information between DDS&T elements and the DNRO and NRO Staff. To govern such contacts, the following procedures should be established:

(a) All meetings with the DNRO should receive prior concurrence of the Director of Reconnaissance, CIA, and approval of the DDS&T. This is not intended to inhibit such contacts but is to assure consistency in CIA policy towards the NRO.

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(b) Meetings with [redacted] to discuss programs or projects already approved need no prior clearance; however, any meetings to discuss new programs or policy matters should receive prior concurrence from the Director of Reconnaissance, CIA, and approval from the DDS&T.

(c) Meetings with members of the NRO Staff need no prior approval. Frequent informal exchanges of information and views between personnel in DDS&T Offices and members of the NRO Staff should be encouraged.

(d) Meetings concerned with budgetary matters and meetings with the NRO Comptroller should be coordinated with the Comptroller/DDS&T.

(e) Any contact in which a commitment is made by a member of DDS&T to the DNRO or a member of his Staff, or vice versa, should be recorded in a memorandum for the record and a copy sent to the Director of Reconnaissance, CIA, and to the DDS&T. In

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addition, a summary record should be maintained of all meetings with the DNRO and his Staff and submitted monthly to the Director of Reconnaissance, CIA, and to the DDS&T. This report should be in outline form noting merely the parties involved, the date, and the subject matter discussed.

(f) All memoranda to the DNRO or the NRO Comptroller will be prepared for signature of the Director of Reconnaissance, CIA, and will be coordinated by him with the DDS&T prior to dispatch. All cables to the DNRO [redacted] or SAIFSP [redacted] will be coordinated with the DDS&T and the Director of Reconnaissance, CIA, prior to release.

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Comptroller
Directorate of
Science and Technology

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